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Security Information

5 August 1952

MEMORANDUM FOR GENERAL SMITH

SUBJECT: PSB Staff Paper entitled "Report on Social Science Research in Cold War Operations,"
 25X1 as prepared by [redacted] dated 25X1
 11 April 1952

REFERENCE: Memorandum from [redacted] for DCI, subject "Social Science Research," undated.

25X1 1. The background of this matter, as known to me, is as follows:

25X1 a. In the course of preparing subject Report, [redacted] 25X1 of the PSB staff held certain informal discussions with [redacted] who was then AD/RN. After some of these conversations had been held, a formal request was made on CIA (by memorandum dated February 14, 1952 from [redacted] to furnish research breakdown figures for the purposes of his study.

25X1 b. The question of furnishing the requested information was referred to Mr. Saunders, who advised Mr. [redacted] that CIA had not previously authorized dissemination of such figures outside CIA. Mr. Saunders further advised that to make CIA fiscal information available for the purposes of the survey as requested would be contrary to special security arrangements in effect with the Bureau of the Budget which, according to [redacted] was 25X1 cooperating with [redacted] in his study.

25X1 c. Upon being so advised, [redacted] with the concurrence of Mr. Wolf, wrote to [redacted] under date of 5 March 1952, explaining the circumstances and referring to the special security arrangements in effect with the Bureau of the Budget, stating in part:

"I believe it most desirable in the light of the above that any fiscal data concerning CIA be excluded from the subject survey. I know you will appreciate the importance of our taking all security measures necessary to prevent disclosure of any fiscal information that might indicate the magnitude of the Agency or any of its programs."

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MORI/CDF-Pages [redacted] Information

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d. [redacted] letter of March 5 was reported in the Director's log as of 6 March and at the Deputies' meeting on that date the Director commented favorably on our refusal to give CIA budget figures to the PSB. General Smith indicated that all PSB required was to know what research was being done and where. PSB had no need to have any figures. This was noted of record by [redacted] in his Diary of 6 March 1952.

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e. After receiving the CIA letter refusing to furnish these figures, [redacted] and requested authority to have [redacted] discuss the research problem generally with [redacted]. During this conversation, [redacted] made it plain to [redacted]

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(1) That the DCI himself had disapproved the furnishing of the figures, and

(2) That CIA could not, in the light of the foregoing, agree to the inclusion of such figures in the proposed PSB Report.

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f. Notwithstanding this clear expression of the Director's views, the PSB Report as prepared by [redacted] under date of 11 April 1952 contained references to CIA and figures respecting amounts allocated to research by CIA which, although rounded off, are generally accurate, as was determined by reference to Mr. Saunders.

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g. The PSB draft memorandum containing such figures was handcarried by [redacted] to Mr. Dulles (who was not fully informed as to the foregoing background) with a request for clearance. [redacted] did not inform Mr. [redacted] that he had made this request of Mr. Dulles. Mr. Dulles, in turn, referred the Report to [redacted] for comment.

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h. On April 23, 1952, [redacted] called to Mr. [redacted] attention, by phone, the fact that the Report in the form in which it was presented to Mr. Dulles was contrary to the understanding previously reached, which, on the part of CIA, was a position taken pursuant to specific instructions by the DCI. [redacted] undertook to review the Report and consider deletion of all references to CIA. Under date of 23 April 1952, [redacted] noted in his Official Diary:

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"Briefed Mr. Dulles respecting the PSB paper on research on cold war operations, which contained references to CIA directly contrary to the understanding that I had reached with [redacted] under instructions from the Director. Mr. Dulles took this up with [redacted] at lunch, and [redacted] later called me, at which time I suggested that all references to CIA be deleted. If any questions arose in the PSB, the General would be sitting as Chairman and could answer them as he saw fit. [redacted] undertook to have a talk with [redacted] and to inform me of what references they plan to make. He stated that this paper had not been distributed to anyone outside PSB, including the Budget Bureau. I made it plain that I felt that the paper in its present form was contrary to the understanding that we had reached."

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- i. Thereafter, on May 2, 1952, [redacted] wrote to Mr. [redacted] stating that reexamination of the Report

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[redacted] has made us feel that the references in question are an essential part of the report and that we are consequently faced with either scrapping the report or submitting it with the references."

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- j. After receiving this letter from [redacted] Mr. [redacted] addressed a memorandum to Mr. Wolf, giving the background of this situation and requesting that he be assured:

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(a) That the release of these figures in the form in which they were set out in the [redacted] draft report would be contrary to previously-established policy of CIA; and

(b) That such policy had theretofore been applied in dealings with the Budget Bureau.

- k. On 7 May 1952, Mr. Wolf advised in reply

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that the release of the budgetary amounts contained in the [redacted] draft Report is contrary to previously-established policy of the Agency and that we have a general understanding with representatives of the Bureau of the Budget that CIA budgetary information is not available for dissemination to other agencies and/or establishments."

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1. Acting upon verbal authority from Mr. Dulles, [redacted] on 16 May 1952, wrote to [redacted] stating in part:

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"We have given your suggestion very careful consideration, but to authorize your request would involve a departure from a long-established policy which we think is of importance to the security, and other interests, of this Agency.

"We regret very much that you feel it necessary to discard the report if our figures are excluded, but do wish to point out that you were advised before the draft report was prepared, of the existence of this policy and of the Director's desire that the figures not be included.

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"I would appreciate it if you would have the references to CIA, and the breakdown of figures relating to it, excised from the report."

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m. On 27 May 1952, [redacted] lunched with [redacted] of PSB and in his record 25X1 of the conversation at this luncheon concluded with the statement:

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"Now I made it plain that we would not be unhappy to see the questions raised by [redacted] presented formally or informally."

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n. On Wednesday, 3 July 1952, [redacted] discussed the [redacted] of PSB and made the following note of this conversation in his Official Diary:

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"Chatted with Director [redacted] of the PSB respecting the [redacted] Report. I explained to him the situation with respect to the figures cited in the Report and also the general reasons why I feel that the matters considered in this report could best be handled by a program of coordination undertaken by the Department of State, rather than PSB. I indicated, however, that if the figures relating to CIA were deleted, I would have no objection to the circulation of the Report, since it was at least thought-provoking and that is what was required in this field. After some discussion,

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[redacted] indicated that he would transmit the report, with the figures relating to CIA deleted, to Gen. Smith with inter a covering letter from [redacted] which could be transmitted to Gen. Smith through [redacted]. This permitted us to cancel the later meeting scheduled with the General and I so informed the General at the negotiates' meeting."

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e. Thereafter, on 23 July 1952, [redacted] of PSB conferred with Mr. Saunders with respect to the deletion of the CIA figures from the [redacted] report. Despite the understanding reached between [redacted]

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[redacted] insisted upon including CIA figures. Thereupon Mr. Saunders called [redacted] into the meeting, at which time [redacted] again made clear the position of CIA that the figures could not be used in the report, either separately or as part of a total governmental research figure.

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f. Several days later, Mr. [redacted] and I disagreed as to the status of the revision of the [redacted] report. [redacted] that the only remaining question as to the release of the report was the deletion of the CIA figures and stated that he understood that [redacted] and [redacted] were doing this and would thereafter clear with CIA. [redacted] indicated no dissatisfaction with this arrangement.

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g. [redacted] undated memorandum requesting Gen. Smith's reconsideration was noted by the DCI on 31 July 1952.

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h. It is apparent from the foregoing that,

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i. [redacted] first point is not a "difference of opinion" between the CIA and PSB staffs, but the refusal of PSB to accept the DCI's determination that CIA budget figures could not be released in a PSB report. [redacted] and his staff have been fully advised that [redacted] was acting under DCI's instructions and that, if it were important for PSB itself to consider these figures the DCI would be sitting as Chairman of the Board and could have them made available.

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j. [redacted] is in error in stating that anyone on behalf of CIA "objected to the release of the information on jurisdictional grounds."

LEB:jd

Distribution:

Dir.:

1 - DCI

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1 - M/DCI

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LOFTUS E. BECKER
DEPUTY DIRECTOR INTELLIGENCE

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